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The Treasury Note

A monthly newsletter of Municipal Finance

March 1, 2000

California's Ratings Upgraded

Fitch IBCA, Inc. upgraded California's general obligation credit rating from AA- to AA on February 16. Also upgraded were ratings assigned to California's lease obligations, from an A to an A+. Fitch IBCA, Inc. last upgraded California's credit ratings in October 1997.

The State currently has \$11.8 billion in general obligation and lease revenue debt authorized, but not issued. The interest savings on that debt as a direct result of the ratings upgrades are expected to range from \$53.2 million to \$88.7 million over the life of the bonds.

The State also received a revised credit outlook from Moody's Investors Service, lifting it from "stable" to "positive." Moody's Investors Service reaffirmed the current Aa3 rating.

These rating actions are the second and third improvements in California's credit standing within a year.

E-Bidding Used for GO Sale

On February 23, the State sold \$500 million in general obligation bonds accepting bids in an electronic format for the first time. Underwriters were able to submit bids using electronic services provided by Bloomberg, MuniAuction, or Parity. Electronic bidding improves speed, accuracy, and efficiency in the bid process.

Goldman, Sachs & Co., Merrill Lynch & Co., Banc of America Securities, LLC, and J.P. Morgan Securities, Inc. submitted bids, all electronically. Goldman, Sachs & Co. won the bid with the lowest true interest cost of 5.6277 percent. The three major rating agencies, Fitch IBCA, Inc., Moody's Investors Service, and Standard & Poor's rated the bonds AA, Aa3, and AA-, respectively.

The bonds were authorized by Proposition 1A in 1998 to fund new construction and modernization of California's K-12 schools.



Bond Measures on the March 7 Ballot

The following is a list of proposed statewide bond measures that will appear on the March 7 ballot. Detailed information can be found in your voter pamphlet.

Proposition 12-Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Act

Authorizes the State to issue \$2.1 billion in general obligation bonds to be spent on the preservation of coastal lands.

Proposition 13-Safe Drinking Water, Clean Water, Watershed Protection, and Flood Protection Bond Act

Authorizes the State to issue \$1.97 billion in general obligations bonds to improve water supplies and flood protection.

Proposition 14-California Reading and Literacy Improvement and Public Library Construction and Renovation Bond Act

Authorizes the State to issue \$350 million in general obligation bonds to construct and renovate library facilities.

Proposition 15-The Hertzberg-Polanco Crime Laboratories Construction Bond Act

Authorizes the State to issue \$220 million in general obligation bonds for the construction and renovation of local crime laboratories.

Proposition 16-Veterans' Homes Bond Act

Authorizes the State to issue \$50 million of general obligation bonds to replace \$24 million in currently authorized lease-payment bonds and \$26 million for construction or renovation of veterans' homes.

Listing of Redemptions

This listing reflects redemptions officially announced as of March 1, 2000.

State Public Works Board of the State of California, High Technology Facilities Lease Revenue Bonds (The Regents of the University of California), 1986 Series A, (Irvine Facility), Dated Date: April 1, 1986 (Partial Redemption). \$375,000 of the bonds due April 1, 2006 will be redeemed on April 1, 2000

State Public Works Board of the State of California, High Technology Facilities Lease Revenue Bonds (The Regents of the University of California), 1986 Series A, (San Diego Facility), Dated Date: April 1, 1986 (Partial Redemption). \$3,000,000 of the bonds due April 1, 2006 will be redeemed on April 1, 2000.

Questions regarding redemptions or registration information can be directed to (800) 900-3873.

Frequently Asked Questions

Q: I recently purchased a bond in book-entry form from a broker and received a receipt but no bond. How can I tell what type of bond I purchased?

A: On your receipt, there is a CUSIP number. The CUSIP number is a unique identification number given to each bond based on the maturity year, interest rate, and issue date. You can call the *Bondholder Services Section* at (800) 900-3873 and they will look up the CUSIP number and tell you which type of bond you purchased.

Q: How long do I have after my bond has matured to submit it for payment?

A: Our office will pay your bond up to ten years from the maturity date. However, all interest ceases to accrue on the maturity date. If you have any questions, please call the *Bondholder Services Section* at (800) 900-3873.

Bond Sales Calendar*

If you are interested in purchasing any of these bonds, please contact your broker two weeks before the sale date. For updated information, check our website (www.treasurer.ca.gov) or call (800) 900-3873.

BOND SALES	AMOUNT	SALE DATE
Department of Veterans Affairs, Home Purchase Revenue Bonds	\$159.8 million	March 8, 2000
Department of Veterans Affairs, General Obligation Bonds	\$60-100 million	March 28, 2000
CSU, Pomona Student Union Revenue Bonds	\$19 million	April 4, 2000
Various Purpose General Obligation Bonds	\$400-500 million	April 19, 2000
State Public Works Board, Department of Corrections and Youth Authority Lease Revenue Bonds	\$45 million	April 2000
Various Purpose General Obligation Bonds	\$400-500 million	Summer 2000

***Subject to change without notice. Updates can be obtained at www.treasurer.ca.gov**
